

FINANCE COMMITTEE REPORT

August 9, 2011

A Special Finance Committee meeting was held Tuesday, August 9, 2011 at 5:00 p.m. in the County Administration Building, Quorum Court meeting Room, 215 East Central, Bentonville, Arkansas.

Committee Members Present: Allen, Moore, Jones, J. Harrison, Douglas, Winscott, Curry

Others Present: JPs King, Hawkins and Sandlin, County Judge Robert Clinard, Assessor “Bear” Chaney, Comptroller Richard McComas, Administrator of General Services Elizabeth Bowen, D.E.M. Director Robert McGowen

Tom Sissom – Benton County Daily Record

JP Allen called the meeting to order.

PUBLIC COMMENTS:

None

Comptroller Richard McComas stated that there is approximately \$19 million in Capital Reserves. He said that the grant portion of the funding for the Westside Road Yard has already been budgeted, so the remainder of the cost for the Road Yard construction and the Public Services Building remodel will need to come from either the Capital Projects Fund or from Capital Reserves. He added that the Capital Projects Fund is projected to have a balance of \$800,000 to \$900,000 at the end of the year, after completion of the Juvenile Detention Center. JP Allen noted that some of the \$19 million is already dedicated. Richard McComas stated that approximately \$5.9 million, (10% of the \$19 million plus 10% of the expected revenue for next year) will be mandatory reserves that have to be held back.

JP Allen stated that the expected year-end balance in the Capital Projects Fund is not enough to cover the appropriation requests that are being presented tonight. He added that they both need to be done; because both projects will help the county to operate better and save money.

Richard McComas stated that it will require a transfer out of Capital Reserves into Capital Projects in order to do both of the requests.

JP Curry asked how much grant money was used toward these projects.

Richard McComas stated that the total Energy Efficiency and Conservation Block Grant was for \$605,000, but was used for three different projects – HVAC upgrades in the Courthouse and County Administration Buildings, and the remaining \$180,000 was used for fuel tanks and site preparation work at the Westside Road Facility.

1. Appropriation Ordinance Request: Westside Road Facility

JP Allen stated that this appropriation ordinance request is for \$650,000 for the construction of the Westside Road Facility.

County Judge Bob Clinard stated that after completion of the two HVAC projects in the Courthouse and Administration Buildings, approximately \$240,000 of the grant remained to go toward site work at the Westside Road Facility. He said that various change orders totaled about \$60,000, so there is now \$180,000 left from the grant. He noted that the new site is 9.2 acres verses the 3.1 acres at the

Bethlehem Road location, with a much larger facility, which was necessary to meet their needs, and includes a wash bay to wash the trucks, which is necessary for compliance with EPA regulations. He stated that it is more than what was budgeted for the Bethlehem Road project, but it is necessary to complete the project.

JP Douglas noted that this facility has been designed to be expanded to accommodate the entire Road Department if the decision is made at some point in the future to move it out there. Judge Clinard stated that is correct; there are additional plans for a welding shop and tire shop, so that someday this facility can cover the northwest and southwest areas of the county, and the eastern facility can be expanded to cover the other areas of the county.

JP Winscott asked if the \$650,000 appropriation is the entire amount needed to complete the facility. Judge Clinard stated that he believes it is, and the figure includes all of the work that was bid out.

JP Douglas expressed concern regarding the total cost of \$830,000, and asked for an explanation of what is actually being built for nearly \$1 million.

Judge Clinard stated that the project's original estimate was \$680,000, minus the grant money, but that was for the Bethlehem Road location. He said the completed facility will be larger, with the wash bay to meet EPA requirements, and the truck storage capacity was increased from 12 to 25, with the ability to plug in block heaters. He said the original design did not fit what this facility needed to be, nor would it have complied with EPA regulations.

JP Allen stated that he would like to see some back up figures in addition to just the appropriation request if he is going to approve an expenditure of \$650,000.

JP Moore noted that since the Highway 102 location will eventually be phased out, the extra cost is justified. JP Winscott asked if they will be asked to spend a similar amount to expand the facility on the east side of the county. Judge Clinard stated that the facility there is quite adequate, with a fuel system already in place, so any future expansion there will not be this extensive. He reminded the committee that the original proposal noted a fuel savings of nearly \$200,000 per year, just by reducing the amount of travel to and from the yard to the work sites. He said at that rate, the county will get its money back in a three- to four-year period, not to mention the increase in the number of hours that employee will spend on the job instead of traveling to it. Judge Clinard stated that based on his experience in construction, he believes the design is not elaborate, but utilitarian.

JP Allen asked if there will be any significant increase in the county's operating costs due to the addition of another facility, such as personnel, insurance, or maintenance. Judge Clinard stated that there is no increase in personnel, but there may be a minimal increase in utility costs.

JP Douglas stated that he understands that this is something that needs to be done because of increased fuel savings and efficiency, and he agrees that they should plan for future expansion; he was just a little surprised that the \$650,000 figure was in addition to the grant funds. He expressed frustration that they are being asked to approve the appropriation, and yet they still have not seen any plans for either the Road Yard or the Public Services Building.

Judge Clinard stated that this is a full-service facility, nothing has been forgotten or left out, and nothing has been hidden or swept under the rug. He added that in the time since the bids were accepted, he has negotiated all of them to a lower price, including the fencing package from \$56,000 to \$34,000, because it was for more fence than was needed. He assured the committee that he is taking care of the county's money, because it is his tax money too.

JP Douglas stated that he does not doubt that, but as JPs, they have to justify expenditures to their constituents, and need to do their due diligence on these projects.

Judge Clinard and the committee agreed to review the plans at the Committee of Thirteen meeting immediately following the Finance Committee meeting.

JP Moore made motion to forward an appropriation ordinance request for \$650,000 to be taken out of Capital Projects, Fund 440, to the August 9, 2011 Committee of Thirteen agenda, seconded by JP Douglas.

Motion passed by unanimous show of hands vote.

2. Appropriation Ordinance Request: Public Services Building

County Judge Bob Clinard stated that one of his goals when he took office was to get as many county departments as possible out of leased spaces. He said he believes the former Health Department Building is a sound structure worthy of renovation to be used for other county offices. He said the plans are to move the Election Commission and the Public Defender into it, and to expand the County Extension offices. He said once the offices are done, the county will be spending \$150,000 less annually for lease space, so the renovation will pay for itself in four to five years.

He stated that the early estimate of \$500,000 immediately increased when they discovered that the 26-year-old roof had to be totally replaced. He said they are in the process of re-bidding the roofing and the HVAC, because only one bid was submitted on those items, and that is the number included in the proposed budget. He said that he is confident that they will get three or four bids in each of the categories when they re-bid it.

JP Allen questioned the cost for phone/data/cabling. Information Systems Director Sidney Reynolds was recognized, and explained that the building had a 13-year-old phone system that had to be replaced, the Health Department's computer equipment was returned to the state, and these costs include all of the phone system switches and network switches.

JP Allen questioned the cost for the fire alarm system. Judge Clinard stated that this estimate is from a company that has given them better pricing in the past, but there is no fire alarm system in the building at this time, and he feels that an 18,000-square-foot public building should have one.

JP Jones asked how many network and phone drops are being installed. Sidney Reynolds stated that there are 30 phone drops and 28 network drops, and the phones will be compatible with the other county phone systems.

JP Winscott asked if the HVAC bid is for a new system. Judge Clinard stated that the bid is just for relocating the existing system, and he was shocked at the amount, which is why they are re-bidding it. He said the units are only three to five years old, but the system design was flawed, so they need to be moved. JP Winscott asked what the estimated completion date is. Judge Clinard stated that he believes it will be finished in January.

JP Winscott made motion to forward the appropriation ordinance request to the Committee of Thirteen agenda, seconded by JP J. Harrison.

JP Douglas asked if this budget includes any renovations to the auditorium in the building. Judge Clinard stated that it does not, but they are going to do some out of the maintenance budget with some materials that were removed from the building prior to renovation, as well as some improvements to the kitchen in the Extension Office.

Motion passed by unanimous show of hands vote.

Upon motion and second the meeting adjourned at 5:48 p.m.